

1 ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

2 In the Matter of the Mortgage Banker License of:

No. 07F-BD079-BNK

3 **FAMILY HOME LENDING**
4 **CORPORATION¹**
5 9590 E. Ironwood Square Drive, Suite 222
6 Scottsdale, AZ 85258

CONSENT ORDER

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
Petitioner.

8 On May 22, 2007, the Arizona Department of Financial Institutions (“Department”) issued a
9 Notice of Hearing, alleging that Petitioner had violated Arizona law. Wishing to resolve this matter
10 in lieu of an administrative hearing, and without admitting liability or wrongdoing, Petitioner
11 consents to the following Findings of Fact and Conclusions of Law, and consents to the entry of the
12 following Order.

13 FACTS

14 1. Petitioner Family Home Lending Corporation (“Family Home”) is a Florida
15 corporation formerly authorized to transact business in Arizona as a mortgage banker, license
16 number BK 0905792, within the meaning of A.R.S. §§ 6-941, *et seq.* The nature of Family Home’s
17 business is that of making, negotiating, or offering to make or negotiate loans secured by Arizona
18 real property, within the meaning of A.R.S. § 6-941(5).

19 2. Family Home is not exempt from licensure as a mortgage banker within the meaning
20 of A.R.S. §§ 6-942 and 6-941(5).

21 3. Family Home was licensed with the Department from around October 29, 2003 to
22 around April 10, 2006.

23
24
25
26

¹ This matter was captioned as follows: Family First Mortgage Corp. FKA Family Home Lending Corporation and Gregory L. Hill, President. Family First Mortgage Corp. and Gregory L. Hill, individually, have been dismissed from this matter.

1 4. Beginning on March 1, 2006 through June 7, 2006, the Department conducted an
2 examination of the mortgage banker business of Family Home and found that Petitioner:

3 a. Juliette Djosemito ("Ms. Djosemito"), the Responsible Individual, failed to be in
4 active management of Petitioner activities governed by A.R.S. Title 6, Chapter 9,
5 Article 2;

6 i. Ms. Djosemito has not ensured compliance with all Arizona laws and rules
7 applicable to mortgage bankers; specifically:

8 1. Petitioner's responsible individual is not familiar with Arizona statutes
9 and rules relating to mortgage bankers;

10 2. Ms. Djosemito does not know about all of Petitioner's Arizona
11 mortgage activities, including but not limited to, accounting and record
12 keeping activities; and

13 3. Ms. Djosemito informed the Department's examiner that Petitioner's
14 corporate office has all the responsibility for directing and recording
15 all Arizona mortgage activity;

16 b. Failed to conduct the minimum elements of reasonable employee investigations
17 before hiring employees; specifically:

18 i. Failed to collect and review all of the documents authorized by the
19 Immigration and Control Act of 1986 before hiring at least seven (7)
20 employees;

21 ii. Failed to obtain a completed and dated "I9" (Employment Eligibility
22 Verification Form) before hiring at least seven (7) employees;

23 iii. Failed to consult with the applicant's most recent or next most recent
24 employer or failed to date said inquiry before hiring at least eight (8)
25 employees;

26 iv. Failed to inquire regarding an applicant's qualifications and competence

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

or failed to date said inquiry for the position before hiring at least eight (8) employees; and

- v. Failed to obtain a credit report for eight (8) employees;
- c. Failed to obtain branch office licenses from the Superintendent; specifically:
 - i. Six (6) unlicensed branches in NH, CO, NC, OR, MA, and TN;
- d. Failed to furnish information to the Superintendent within a reasonable time; specifically:
 - i. The Department mailed an examination entry letter on February 15, 2006, indicating that an examination would commence on March 1, 2006. Petitioner did not provide all of the required items on the examination day. Petitioner finally submitted all of the requested information on May 19, 2006;
- e. Failed to keep and maintain, at all times, correct and accurate records; specifically:
 - i. Petitioner failed to provide copies of several invoices selected by the examiner for review;
- f. Failed to comply with the disclosure requirements of Title I of the Consumer Credit Protection Act (15 U.S.C. §§ 1601 through 1666j), the Real Estate Settlement Procedures Act (12 U.S.C. §§ 2601 through 2617), and the regulations promulgated under these acts; specifically:
 - i. Yield spread premiums were not disclosed to at least (4) borrowers;
 - ii. Final HUD-1 settlement statements were missing in five (5) mortgage files; and
 - iii. Petitioner improperly used either a 90-day or a 30-day limit to request an appraisal copy in fourteen (14) mortgage transactions;
- g. Allowed borrowers to sign regulated documents containing blank spaces; specifically:
 - i. Two (2) preliminary TIL disclosures were incomplete;

1 h. Contracted with or paid at least \$103,665.97 dollars in compensation to unlicensed,
2 independent contractors; specifically:

3 i. Synergy Marketing, L.L.C.; Demund Enterprises, Inc.; Arizona Sales
4 Consultants, L.L.C.; CLP Marketing Services; and Loanbright.com; and

5 ii. Petitioner reimbursed their employees a total of \$1,821.58 for the
6 reimbursement of unlawful referral fees; specifically:

7 1. \$910.00—gifts-Phoenix Suns;

8 2. \$890.00—realtor gift tickets; and

9 3. \$21.58—realtor gifts;

10 i. Failed to maintain a complete loan application listing; specifically:

11 i. Petitioner failed to maintain a provision for final disposition, a provision
12 for the loan officer's name, and information relating to declined or
13 withdrawn loan applications;

14 j. Used an unlawful appraisal disclosure placing a 90-day limit upon borrowers to
15 request transfer or return of an appraisal report for which the borrowers had already
16 paid; and

17 k. Failed to obtain a mortgage banker license prior to engaging in mortgage banking
18 activity under the name Family First Mortgage Corp.; specifically:

19 i. Petitioner closed at least sixteen (16) loans under the name Family First
20 Mortgage Corp. before notifying the Department of a name change or
21 change in control.

22 1. Based upon the above Facts, the Department issued and served upon Family Home a
23 Notice of Opportunity for Hearing; Consent to Entry of Order ("Order to Cease and Desist") on
24 March 29, 2007.

25 2. On April 27, 2007, Petitioner filed a Request For Hearing to appeal the Order to
26 Cease and Desist.

CONCLUSIONS OF LAW

1
2 1. Pursuant to A.R.S. §§ 6-941, *et seq.*, the Superintendent has the authority and duty to
3 regulate all persons engaged in the mortgage banker business and with the enforcement of statutes,
4 rules, and regulations relating to mortgage bankers.

5 2. By the conduct set forth in the Facts, Family Home violated the following:

- 6 a. A.R.S. § 6-943(F) and A.A.C. R20-4-102 by failing to ensure that the responsible
7 individual maintains a position of active management and failing to ensure that the
8 responsible individual is knowledgeable about all Arizona activities;
- 9 b. A.R.S. § 6-943(O) and A.A.C. R20-4-102 by failing to conduct the minimum
10 elements of reasonable employee investigations before hiring employees;
- 11 c. A.R.S. § 6-944(D) by failing to obtain branch office licenses from the
12 Superintendent;
- 13 d. A.R.S. § 6-945(A) by failing to furnish information to the Superintendent within a
14 reasonable time;
- 15 e. A.R.S. § 6-946(A) and A.A.C. R20-4-1806(B) by failing to maintain correct and
16 complete records;
- 17 f. A.R.S. § 6-946(E) and A.A.C. R20-4-1806(B)(6)(e) by failing to comply with the
18 disclosure requirements of Title I of the Consumer Credit Protection Act (15 U.S.C.
19 §§ 1601 through 1666j), the Real Estate Settlement Procedures Act (12 U.S.C. §§
20 2601 through 2617), and the regulations promulgated under these acts;
- 21 g. A.R.S. § 6-947(A) and A.A.C. R20-4-1808 by allowing borrowers to sign regulated
22 documents containing blank spaces;
- 23 h. A.R.S. § 6-947(B) and A.A.C. R20-4-102 by contracting with or paying at least
24 \$103,665.97 dollars in compensation to unlicensed, independent contractors;
- 25 i. A.A.C. R20-4-1806(B)(1) by failing to maintain a complete loan application listing;
- 26 j. A.R.S. § 6-946(C) by failing to use proper appraisal disclosures; and

1 k. A.R.S. § 6-943(A) by failing to obtain a mortgage banker license or approval from
2 the Department prior to engaging in mortgage banking activity as Family First
3 Mortgage Corp.

4 3. The violations, set forth above, constitute grounds for: (1) the issuance of an order
5 pursuant to A.R.S. § 6-137 directing Petitioner to cease and desist from the violative conduct and to
6 take the appropriate affirmative actions, within a reasonable period of time prescribed by the
7 Superintendent, to correct the conditions resulting from the unlawful acts, practices, and
8 transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S. § 6-132; (3) the
9 suspension or revocation of Petitioner's license pursuant to A.R.S. § 6-945; and (4) an order or any
10 other remedy necessary or proper for the enforcement of statutes and rules regulating mortgage
11 bankers pursuant to A.R.S. §§ 6-123 and 6-131.

12 **ORDER**

13 1. Family Home shall immediately cease the violations set forth in the Facts and
14 Conclusions of Law. Family Home:

- 15 a. Shall ensure that the responsible individual maintains a position of active
16 management and shall ensure that the responsible individual is knowledgeable about
17 all Arizona activities;
- 18 b. Shall conduct the minimum elements of reasonable employee investigations before
19 hiring employees;
- 20 c. Shall obtain all necessary branch office licenses from the Superintendent;
- 21 d. Shall furnish information to the Superintendent within a reasonable time;
- 22 e. Shall maintain correct and complete records;
- 23 f. Shall comply with the disclosure requirements of Title I of the Consumer Credit
24 Protection Act (15 U.S.C. §§ 1601 through 1666j), the Real Estate Settlement
25 Procedures Act (12 U.S.C. §§ 2601 through 2617), and the regulations promulgated
26 under these acts;

- g. Shall not allow borrowers to sign regulated documents containing blank spaces;
- h. Shall not contract with or pay compensation to unlicensed, independent contractors;
- i. Shall maintain a complete loan application listing;
- j. Shall use proper appraisal disclosures; and
- k. Shall obtain a mortgage banker license prior to engaging in mortgage banking activity.

2. Family Home shall, on July 12, 2007, pay to the Department a civil money penalty in the amount of **twenty thousand dollars (\$20,000.00)**. Family Home is liable for payment of the civil money penalty.

3. The provisions of this Order shall be binding upon Family Home, its employees, agents, and other persons participating in the conduct of the affairs of Family Home.

4. This Order shall become effective upon service, and shall remain effective and enforceable until such time as, and except to the extent that, it shall be stayed, modified, terminated, or set aside.

SO ORDERED this 3rd day of July, 2007.

By: Felecia Rotellini
Felecia A. Rotellini
Superintendent of Financial Institutions

CONSENT TO ENTRY OF ORDER

1. Petitioner acknowledges that it has been served with a copy of the foregoing Facts, Conclusions of Law, and Order in the above-referenced matter, has read the same, is aware of its right to an administrative hearing in this matter, and has waived the same.

2. Petitioner admits to the jurisdiction of the Superintendent and consent to the entry of the foregoing Facts, Conclusions of Law, and Order.

3. Petitioner states that no promise of any kind or nature has been made to induce it to consent to the entry of this Order, and that it has done so voluntarily.

1 Craig A. Raby, Assistant Attorney General
Office of the Attorney General
2 1275 West Washington
Phoenix, AZ 85007
3

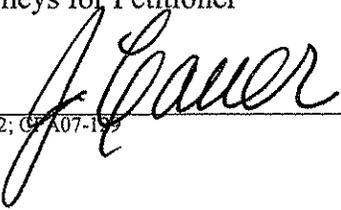
4 Robert Charlton, Assistant Superintendent
Joan Doran, Senior Examiner
5 Arizona Department of Financial Institutions
2910 N. 44th Street, Suite 310
6 Phoenix, AZ 85018

7 AND COPY MAILED SAME DATE by
Certified Mail, Return Receipt Requested, to:

8
9 Gregory L. Hill, President
Family Home Lending Corporation
9590 E. Ironwood Square Drive, Suite 222
10 Scottsdale, AZ 85258
Petitioner

11
12 Gregory L. Hill, President
Family Home Lending Corporation
33 Old Kings Road North, Suite 1
13 Palm Coast, FL 32137
Petitioner

14
15 Gil Rudolph, Esq.
Julie Rystad, Esq.
GREENBERG TRAURIG, LLP
16 2375 E. Camelback Road, Suite 700
Phoenix, AZ 85016
17 Attorneys for Petitioner

18
19 
14617v2; (07-15)